

AMENDED IN SENATE JULY 3, 2003

AMENDED IN ASSEMBLY JUNE 2, 2003

AMENDED IN ASSEMBLY APRIL 10, 2003

AMENDED IN ASSEMBLY MARCH 27, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

## ASSEMBLY BILL

**No. 1137**

**Introduced by Assembly Member Reyes**

February 21, 2003

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An act to amend Sections 44579.1, 44579.2, 44579.5, ~~47604, 47605, 47607, 47613~~ 47634, 56205, 56207.5, 60242, and 60421 of, ~~and to add Sections 47604.32, and 47612.6 to 47604.33, 47612.6, and 47648 to,~~ and to amend and repeal Section 47612 of, the Education Code, relating to charter schools, *and making an appropriation therefor.*

### LEGISLATIVE COUNSEL'S DIGEST

AB 1137, as amended, Reyes. Charter schools.

(1) The Charter Schools Act of 1992 permits teachers, parents, pupils, and community members to petition the governing board of a school district to approve a charter school to operate independently from the existing school district structure as a method of accomplishing, among other things, improved pupil learning. This bill would specify several oversight duties of each chartering authority with respect to charter schools under their authority. The bill would require each chartering authority to identify a contact person from each charter school, annually visit each charter school, ~~distribute informational brochures to each parent or guardian of each pupil in the school district,~~

~~and ensure that each charter school complies with specified reporting requirements, and establish policies and procedures to monitor the fiscal condition of each charter school. To the extent that the bill would impose new oversight duties on an authority that had granted a charter prior to the effective date of the bill, the bill would impose a state-mandated local program.~~

~~The bill would require each chartering authority and charter school, upon approval of the charter petition, to cooperatively develop a list of activities to be regularly reviewed by the charter school and reported on, as specified. The bill would further require each chartering authority to contract with an external auditor to conduct an annual audit of each charter school's average daily attendance. The bill would additionally require each charter school to submit various budget reports to its chartering authority and the county board of education, unless the county board of education is the chartering authority various assessments relating to finances and average daily attendance reports.~~

The bill would require a charter school to meet at least one of several academic performance criteria as a prerequisite to receiving a charter renewal.

(2) Existing law specifies that a charter school is to be treated as a school district for purposes of the State School Fund, a continuously appropriated fund. These provisions become inoperative on July 1, 2004, and are repealed on January 1, 2005.

This bill would delete the July 1, 2004, inoperative date and the January 1, 2005, repeal date of those provisions, thereby extending the operation of those provisions indefinitely.

By extending the operation of those provisions indefinitely, the bill would thereby make an appropriation.

(3) Existing law requires the Superintendent of Public Instruction to annually compute a categorical block grant amount for each charter school and includes the specified categorical programs in the computation.

This bill would include in that list of categorical programs other specified programs, including, but not limited to, the Instructional Time and Staff Development Reform Program and the Instructional Materials Funding Realignment Program.

(4) Existing law provides that, for purposes of special education funding and compliance with applicable federal law, a charter school shall be deemed to be a public school of the local education agency that

*granted the charter unless that charter school itself is deemed a local educational agency.*

*This bill would require a local education agency to ensure that pupils with disabilities enrolled in each charter school under its authority are served in the same manner as pupils with disabilities are served in other schools under the authority of the local educational agency. The bill would, in addition, require each charter school that is deemed a public school of the local educational agency to reimburse the local educational agency for any special education expenses incurred by the local educational agency on behalf of the charter school from revenue generated by those pupils with disabilities enrolled in the charter school.* Existing law establishes the Instructional Time and Staff Development Reform Program for the purpose of providing grants to school districts, county offices of education, and charter schools, to enhance staff development opportunities for classroom personnel.

This bill would repeal these provisions to the extent they apply to charter schools, and would make conforming changes to related provisions of law.

~~(3)–~~

(5) Existing law establishes the State Instructional Materials Fund in the State Treasury as a means of annually funding the acquisition of instructional materials. Existing law authorizes a charter school to apply for those funds on its own behalf or through its chartering entity.

This bill would delete that latter provision.

~~(4)–~~

(6) Existing law establishes the Instructional Materials Funding Realignment Program to provide funding for instructional materials to a school district, which is defined to include charter schools, on the basis of an equal amount per pupil enrolled in public elementary and high schools, as specified.

This bill would repeal these provisions to the extent they apply to charter schools.

(7) *The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.*



*This bill would provide that no reimbursement shall be made from the State Mandates Claims Fund for costs mandated by the state pursuant to this act, but would recognize that local agencies and school districts may pursue any available remedies to seek reimbursement for these costs.*

~~(5) Existing law provides that a charter school may elect to operate as, or be operated by, a nonprofit public benefit corporation, as defined, and declares the intent of the Legislature that the chartering authority that grants that charter is not liable for the debts or obligations of the charter school.~~

~~This bill would instead require that chartering authority to comply with specified oversight responsibilities to be shielded from that liability.~~

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. The Legislature finds and declares all of the  
2 following:

3 (a) The intent of the Legislature, in enacting the Charter  
4 Schools Act of 1992, was to hold charter schools accountable for  
5 meeting measurable pupil outcomes and to provide charter schools  
6 with a method to change from rule-based to performance-based  
7 accountability systems.

8 (b) Objective, statewide, and uniform minimum academic  
9 standards should be adopted to ensure that the performance-based  
10 accountability system for charter schools is linked to meeting  
11 measurable pupil outcomes.

12 (c) The Charter Schools Act of 1992 shall be interpreted to  
13 further its purpose as a performance-based accountability system.

14 SEC. 2. Section 44579.1 of the Education Code is amended  
15 to read:

16 44579.1. (a) There is hereby established the Instructional  
17 Time and Staff Development Reform Program. It is the intent of  
18 the Legislature that this program enhance staff development  
19 opportunities for classroom personnel, but this article does not  
20 provide the sole source of funding for staff development activities  
21 for school personnel or limit the amount or type of staff

1 development that is provided to school district personnel from  
2 other resources.

3 (b) The ~~State Department of Education~~ *department* shall  
4 submit draft regulations for the purpose of implementing this  
5 article to the State Board of Education for its review and approval.  
6 The State Board of Education shall adopt regulations for the  
7 purpose of implementing this article pursuant to Chapter 3.5  
8 (commencing with Section 11340) of Part 1 of Division 3 of Title  
9 2 of the Government Code.

10 (c) Each fiscal year, the Superintendent of Public Instruction  
11 shall provide each eligible school district and county office of  
12 education applying for a grant pursuant to this article with a staff  
13 development allowance of two hundred seventy dollars (\$270) per  
14 day, adjusted annually commencing with the 1999–2000 fiscal  
15 year for the inflation adjustment calculated pursuant to  
16 subdivision (b) of Section 42238.1, for up to three days, for each  
17 certificated classroom teacher and one hundred forty dollars  
18 (\$140) per day, adjusted annually commencing with the  
19 1999–2000 fiscal year for the inflation adjustment calculated  
20 pursuant to subdivision (b) of Section 42238.1, for up to one day  
21 for each classified classroom instructional aide and certificated  
22 teaching assistant who participates in staff development  
23 instructional methods, including teaching strategies, classroom  
24 management and other training designed to improve pupil  
25 performance, conflict resolution, and academic content in the core  
26 curriculum areas that are provided by the school district or county  
27 office of education.

28 (d) To be eligible for a grant pursuant to this article, the staff  
29 development program provided by the school district or county  
30 office of education shall meet all of the following requirements:

31 (1) Meet local educational priorities as defined by the  
32 governing board of the school district or county board of  
33 education.

34 (2) Be consistent with regulations defining staff development  
35 activities eligible to receive funding pursuant to this section.

36 (e) To qualify as a funded participant, each eligible participant  
37 shall be present for the full staff development day, and records of  
38 attendance shall be maintained in a manner to be prescribed in  
39 regulations. Each staff development day shall be at least as long as  
40 the full-time instructional workday for certificated or classified

1 instructional employees of the school district. For purposes of this  
2 section, a single staff development day may be conducted over  
3 several calendar days.

4 (f) (l) Except as provided pursuant to paragraph (2), if the staff  
5 development day is conducted after completion of an instructional  
6 day, it may not be held on a minimum day for which a parent or  
7 guardian was notified pursuant to subdivision (c) of Section  
8 48980.

9 (2) For staff working in multitrack, year-round schools, not  
10 more than two staff development days may be scheduled for “off  
11 track” teachers at a school with a minimum day scheduled. In this  
12 event, teachers at the multitrack, year-round school who are being  
13 paid for service on the minimum days are not eligible for that day  
14 of funding under this article.

15 (g) Notwithstanding Section 45203, probationary and  
16 permanent employees in the classified service may not receive  
17 regular pay on days during which staff development is offered  
18 pursuant to this article unless they are required to report for duty  
19 on those days.

20 (h) This section shall be operative in any fiscal year only to the  
21 extent that funds are provided for its purposes in the annual Budget  
22 Act.

23 SEC. 3. Section 44579.2 of the Education Code is amended  
24 to read:

25 44579.2. (a) The Superintendent of Public Instruction shall  
26 disburse grant funds for this program in the following manner:

27 (1) Beginning in the 1999–2000 fiscal year, an advance  
28 disbursement shall be made following passage of the annual  
29 Budget Act. This disbursement shall be provided to each school  
30 district and county office of education that participated in the  
31 Instructional Time and Staff Development Reform Program in the  
32 prior fiscal year, and shall be limited to 25 percent of the amount  
33 apportioned to each entity in the prior year.

34 (2) Each year a disbursement of grant funding to all applicants  
35 shall be made following receipt of applications submitted pursuant  
36 to Section 44579.1, adjusted as necessary by the amount disbursed  
37 pursuant to paragraph (1). If a school district or county office of  
38 education that participated in this program in the prior fiscal year  
39 fails to submit an application, all funds disbursed to that school  
40 district or county office of education pursuant to paragraph (1) shall

1 be deducted from its next monthly principal apportionment  
2 payment.

3 (3) A final adjustment to the amounts paid pursuant to  
4 paragraph (2) shall be made following receipt by the  
5 Superintendent of Public Instruction of certification by the  
6 superintendent of the school district or the county superintendent  
7 of schools, as appropriate, of the total number of teacher-days  
8 attendance at staff development training that complies with all of  
9 the applicable provisions of this article and the regulations adopted  
10 by the State Board of Education.

11 (4) If the amount disbursed pursuant to this article to a school  
12 district, county office of education during any fiscal year differs  
13 from the amount to which the school district, or county office of  
14 education was entitled pursuant to this article, the Superintendent  
15 of Public Instruction shall, at the next monthly apportionment  
16 following discovery of the error, withhold from, or add to, the  
17 apportionment payment made during that month, the amount of  
18 the excess or deficiency, as the case may be.

19 (b) Notwithstanding any other provision of law, excesses  
20 withheld or deficiencies added by the Superintendent of Public  
21 Instruction pursuant to this section shall be added to, or allowed  
22 from, any portion of the State School Fund.

23 SEC. 4. Section 44579.5 of the Education Code is amended  
24 to read:

25 44579.5. Notwithstanding any other provision of law, a  
26 school district or county office of education that participates in the  
27 Mathematics and Reading Professional Development Program  
28 pursuant to Article 3 (commencing with Section 99230) of  
29 Chapter 5 of Part 65 may claim funding, as described in  
30 subdivision (c) of Section 44579.1, for the 80 hours of followup  
31 instruction, coaching, or additional schoolsite assistance required  
32 pursuant to subdivision (b) of Section 99237 if the training meets  
33 the requirements described in subdivision (d) of Section 44579.1  
34 and is conducted outside of an instructional day that the school  
35 district or county office of education is required to provide in order  
36 to qualify for funding pursuant to Part 26 (commencing with  
37 Section 46000). Funding claimed pursuant to this section shall be  
38 in addition to funding received pursuant to Article 3 (commencing  
39 with Section 99230) of Chapter 5 of Part 65.

1 ~~SEC. 5.—Section 47604 of the Education Code is amended to~~  
2 ~~read:~~

3 ~~47604.—(a) Charter schools may elect to operate as, or be~~  
4 ~~operated by, a nonprofit public benefit corporation, formed and~~  
5 ~~organized pursuant to the Nonprofit Public Benefit Corporation~~  
6 ~~Law (Part 2 (commencing with Section 5110) of Division 2 of~~  
7 ~~Title 1) of the Corporations Code).~~

8 ~~(b) The governing board of a school district that grants a charter~~  
9 ~~for the establishment of a charter school formed and organized~~  
10 ~~pursuant to this section shall be entitled to a single representative~~  
11 ~~on the board of directors of the nonprofit public benefit~~  
12 ~~corporation.~~

13 ~~(c) An authority that grants a charter to a charter school to be~~  
14 ~~operated by, or as, a nonprofit public benefit corporation is not~~  
15 ~~liable for the debts or obligations of the charter school or for claims~~  
16 ~~arising from the performance of acts, errors, or omissions by the~~  
17 ~~charter school, if the authority has complied with all oversight~~  
18 ~~responsibilities required by law, including, but not limited to,~~  
19 ~~those required by Section 47604.32 and subdivision (m) of Section~~  
20 ~~47605.~~

21 ~~SEC. 6.~~

22 *SEC. 5.* Section 47604.32 is added to the Education Code, to  
23 read:

24 47604.32. Each chartering authority, in addition to any other  
25 duties imposed by this part, shall do all of the following with  
26 respect to each charter school under its authority:

27 (a) Identify at least one staff member as a contact person from  
28 each charter school.

29 (b) Visit each charter school at least annually.

30 ~~(c) If the chartering authority is responsible for two or more~~  
31 ~~charter schools, form a committee consisting of at least one~~  
32 ~~representative from each of those charter schools and one~~  
33 ~~representative from each school district department that interacts~~  
34 ~~on a regular basis with the charter schools.~~

35 ~~(d) Distribute to the parent or guardian of each pupil in the~~  
36 ~~school district an annual information brochure, including, but not~~  
37 ~~limited to, a general description of the purposes of charter schools,~~  
38 ~~descriptions of the charter schools within the school district, and~~  
39 ~~contact information regarding admission and enrollment~~  
40 ~~procedures for each charter school.~~

~~(e)~~

(c) (1) Ensure that each charter school under its authority complies with all ~~reporting requirements specified in reports~~ *required of charter schools by law*, including, but not limited to, average daily attendance ~~records~~ *reports*, school accountability report cards, and the California Basic Educational Data System *reports*.

(2) Failure to provide the required ~~information~~ *reports* is cause for revoking the charter.

~~(f) Develop performance target standards for each charter school under its authority commensurate with the standards, if any, applied to other noncharter public schools in the district.~~

~~SEC. 7. Section 47605 of the Education Code is amended to read:~~

~~47605. — (a) (1) Except as set forth in paragraph (2), a petition for the establishment of a charter school within any school district may be circulated by any one or more persons seeking to establish the charter school. A petition for the establishment of a charter school shall identify a single charter school that will operate within the geographic boundaries of that school district. A charter school may propose to operate at multiple sites within the school district, as long as each location is identified in the charter school petition. The petition may be submitted to the governing board of the school district for review after either of the following conditions are met:~~

~~(A) The petition has been signed by a number of parents or guardians of pupils that is equivalent to at least one-half of the number of pupils that the charter school estimates will enroll in the school for its first year of operation.~~

~~(B) The petition has been signed by a number of teachers that is equivalent to at least one-half of the number of teachers that the charter school estimates will be employed at the school during its first year of operation.~~

~~(2) In the case of a petition for the establishment of a charter school through the conversion of an existing public school, that would not be eligible for a loan pursuant to subdivision (b) of Section 41365, the petition may be circulated by any one or more persons seeking to establish the converted charter school. The petition may be submitted to the governing board of the school district for review after the petition has been signed by not less than~~

1 50 percent of the permanent status teachers currently employed at  
2 the public school to be converted.

3 (3) A petition shall include a prominent statement that a  
4 signature on the petition means that the parent or guardian is  
5 meaningfully interested in having his or her child, or ward, attend  
6 the charter school, or in the case of a teacher's signature, means  
7 that the teacher is meaningfully interested in teaching at the charter  
8 school. The proposed charter shall be attached to the petition.

9 (4) After receiving approval of its petition, a charter school that  
10 proposes to establish operations at one or more additional sites  
11 within the jurisdictional boundaries of the school district shall  
12 request a material revision to its charter and shall notify the  
13 governing board of the school district of those additional locations.  
14 The governing board of the school district shall consider whether  
15 to approve those additional locations at an open, public meeting.  
16 If the additional locations are approved by the governing board of  
17 the school district they shall be a material revision to the charter  
18 school's charter.

19 (5) Notwithstanding subdivision (a), a charter school that is  
20 unable to locate within the jurisdiction of the chartering school  
21 district may establish one site outside the boundaries of the school  
22 district, but within the county within which that school district is  
23 located, if the school district where the charter school proposes to  
24 operate is notified in advance of the charter petition approval, the  
25 county superintendent of schools and the Superintendent of Public  
26 Instruction are notified of the location of the charter school before  
27 it commences operations and either of the following  
28 circumstances exist:

29 (A) The school has attempted to locate a single site or facility  
30 to house the entire program but a facility or site is unavailable in  
31 the area in which the school chooses to locate.

32 (B) The site is needed for temporary use during a construction  
33 or expansion project.

34 (6) Commencing January 1, 2003, a petition to establish a  
35 charter school may not be approved to serve pupils in a grade level  
36 that is not served by the school district of the governing board  
37 considering the petition, unless the petition proposes to serve  
38 pupils in all of the grade levels served by that school district.

39 (b) No later than 30 days after receiving a petition, in  
40 accordance with subdivision (a), the governing board of the school

district shall hold a public hearing on the provisions of the charter, at which time the governing board of the school district shall consider the level of support for the petition by teachers employed by the district, other employees of the district, and parents. Following review of the petition and the public hearing, the governing board of the school district shall either grant or deny the charter within 60 days of receipt of the petition, provided, however, that the date may be extended by an additional 30 days if both parties agree to the extension. In reviewing petitions for the establishment of charter schools pursuant to this section, the chartering authority shall be guided by the intent of the Legislature that charter schools are and should become an integral part of the California educational system and that establishment of charter schools should be encouraged. A school district governing board shall grant a charter for the operation of a school under this part if it is satisfied that granting the charter is consistent with sound educational practice. The governing board of the school district may not deny a petition for the establishment of a charter school unless it makes written factual findings, specific to the particular petition, setting forth specific facts to support one or more of the following findings:

(1) The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.

(2) The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.

(3) The petition does not contain the number of signatures required by subdivision (a).

(4) The petition does not contain an affirmation of each of the conditions described in subdivision (d).

(5) The petition does not contain reasonably comprehensive descriptions of all of the following:

(A) (i) A description of the educational program of the school, designed, among other things, to identify those whom the school is attempting to educate, what it means to be an “educated person” in the 21st century, and how learning best occurs. The goals identified in that program shall include the objective of enabling pupils to become self-motivated, competent, and lifelong learners.

(ii) If the proposed school will serve high school pupils, a description of how the charter school will inform parents about the transferability of courses to other public high schools and the

~~1 eligibility of courses to meet college entrance requirements.  
2 Courses offered by the charter school that are accredited by the  
3 Western Association of Schools and Colleges may be considered  
4 transferable and courses approved by the University of California  
5 or the California State University as creditable under the “A” to  
6 “G” admissions criteria may be considered to meet college  
7 entrance requirements.~~

~~8 (B) The measurable pupil outcomes identified for use by the  
9 charter school. “Pupil outcomes,” for purposes of this part, means  
10 the extent to which all pupils of the school demonstrate that they  
11 have attained the skills, knowledge, and attitudes specified as  
12 goals in the school’s educational program.~~

~~13 (C) The method by which pupil progress in meeting those pupil  
14 outcomes is to be measured.~~

~~15 (D) The governance structure of the school, including, but not  
16 limited to, the process to be followed by the school to ensure  
17 parental involvement.~~

~~18 (E) The qualifications to be met by individuals to be employed  
19 by the school.~~

~~20 (F) The procedures that the school will follow to ensure the  
21 health and safety of pupils and staff. These procedures shall  
22 include the requirement that each employee of the school furnish  
23 the school with a criminal record summary as described in Section  
24 44237.~~

~~25 (G) The means by which the school will achieve a racial and  
26 ethnic balance among its pupils that is reflective of the general  
27 population residing within the territorial jurisdiction of the school  
28 district to which the charter petition is submitted.~~

~~29 (H) Admission requirements, if applicable.~~

~~30 (I) The manner in which annual, independent, financial audits  
31 shall be conducted, which shall employ generally accepted  
32 accounting principles, and the manner in which audit exceptions  
33 and deficiencies shall be resolved to the satisfaction of the  
34 chartering authority.~~

~~35 (J) The procedures by which pupils can be suspended or  
36 expelled.~~

~~37 (K) The manner by which staff members of the charter schools  
38 will be covered by the State Teachers’ Retirement System, the  
39 Public Employees’ Retirement System, or federal social security.~~

1 ~~(L) The public school attendance alternatives for pupils~~  
2 ~~residing within the school district who choose not to attend charter~~  
3 ~~schools.~~

4 ~~(M) A description of the rights of any employee of the school~~  
5 ~~district upon leaving the employment of the school district to work~~  
6 ~~in a charter school, and of any rights of return to the school district~~  
7 ~~after employment at a charter school.~~

8 ~~(N) The procedures to be followed by the charter school and the~~  
9 ~~entity granting the charter to resolve disputes relating to provisions~~  
10 ~~of the charter.~~

11 ~~(O) A declaration whether or not the charter school shall be~~  
12 ~~deemed the exclusive public school employer of the employees of~~  
13 ~~the charter school for the purposes of the Educational Employment~~  
14 ~~Relations Act (Chapter 10.7 (commencing with Section 3540) of~~  
15 ~~Division 4 of Title 1 of the Government Code).~~

16 ~~(P) A description of the procedures to be used if the charter~~  
17 ~~school closes. The procedures shall ensure a final audit of the~~  
18 ~~school to determine the disposition of all assets and liabilities of~~  
19 ~~the charter school, including plans for disposing of any net assets~~  
20 ~~and for the maintenance and transfer of pupil records.~~

21 ~~(c) (1) Charter schools shall meet all statewide standards and~~  
22 ~~conduct the pupil assessments required pursuant to Section 60605~~  
23 ~~and any other statewide standards authorized in statute or pupil~~  
24 ~~assessments applicable to pupils in noncharter public schools.~~

25 ~~(2) Charter schools shall, on a regular basis, consult with their~~  
26 ~~parents and teachers regarding the school's educational programs.~~

27 ~~(d) (1) In addition to any other requirement imposed under this~~  
28 ~~part, a charter school shall be nonsectarian in its programs,~~  
29 ~~admission policies, employment practices, and all other~~  
30 ~~operations, may not charge tuition, and may not discriminate~~  
31 ~~against any pupil on the basis of ethnicity, national origin, gender,~~  
32 ~~or disability. Except as provided in paragraph (2), admission to a~~  
33 ~~charter school may not be determined according to the place of~~  
34 ~~residence of the pupil, or of his or her parent or guardian, within~~  
35 ~~this state, except that any existing public school converting~~  
36 ~~partially or entirely to a charter school under this part shall adopt~~  
37 ~~and maintain a policy giving admission preference to pupils who~~  
38 ~~reside within the former attendance area of that public school.~~

39 ~~(2) (A) A charter school shall admit all pupils who wish to~~  
40 ~~attend the school.~~

~~(B) However, if the number of pupils who wish to attend the charter school exceeds the school's capacity, attendance, except for existing pupils of the charter school, shall be determined by a public random drawing. Preference shall be extended to pupils currently attending the charter school and pupils who reside in the district except as provided for in Section 47614.5. Other preferences may be permitted by the chartering authority on an individual school basis and only if consistent with the law.~~

~~(C) In the event of a drawing, the chartering authority shall make reasonable efforts to accommodate the growth of the charter school may not take any action to impede the charter school from expanding enrollment to meet pupil demand.~~

~~(e) The governing board of a school district may not require an employee of the school district to be employed in a charter school.~~

~~(f) The governing board of a school district may not require any pupil enrolled in the school district to attend a charter school.~~

~~(g) The governing board of a school district shall require that the petitioner or petitioners provide information regarding the proposed operation and potential effects of the school, including, but not limited to, the facilities to be utilized by the school, the manner in which administrative services of the school are to be provided, and potential civil liability effects, if any, upon the school and upon the school district. The description of the facilities to be used by the charter school shall specify where the school intends to locate. The petitioner or petitioners shall also be required to provide financial statements that include a proposed first-year operational budget, including startup costs, and cashflow and financial projections for the first three years of operation.~~

~~(h) In reviewing petitions for the establishment of charter schools within the school district, the governing board of the school district shall give preference to petitions that demonstrate the capability to provide comprehensive learning experiences to pupils identified by the petitioner or petitioners as academically low achieving pursuant to the standards established by the State Department of Education under Section 54032.~~

~~(i) Upon the approval of the petition by the governing board of the school district, the petitioner or petitioners shall provide written notice of that approval, including a copy of the petition, to~~

1 the applicable county superintendent of schools, the State  
2 Department of Education, and the State Board of Education.

3 (j) (1) If the governing board of a school district denies a  
4 petition, the petitioner may elect to submit the petition for the  
5 establishment of a charter school to the county board of education.  
6 The county board of education shall review the petition pursuant  
7 to subdivision (b). If the petitioner elects to submit a petition for  
8 establishment of a charter school to the county board of education  
9 and the county board of education denies the petition, the  
10 petitioner may file a petition for establishment of a charter school  
11 with the State Board of Education, and the state board may  
12 approve the petition, in accordance with subdivision (b). A charter  
13 school that receives approval of its petition from a county board  
14 of education or from the State Board of Education on appeal shall  
15 be subject to the same requirements concerning geographic  
16 location that it would otherwise be subject to if it receives approval  
17 from the entity to whom it originally submits its petition. A charter  
18 petition that is submitted to either a county board of education or  
19 to the State Board of Education shall meet all otherwise applicable  
20 petition requirements, including the identification of the proposed  
21 site or sites where the charter school will operate.

22 (2) In assuming its role as a chartering agency, the State Board  
23 of Education shall develop criteria to be used for the review and  
24 approval of charter school petitions presented to the State Board  
25 of Education. The criteria shall address all elements required for  
26 charter approval, as identified in subdivision (b) of Section 47605  
27 and shall define “reasonably comprehensive” as used in  
28 paragraph (5) of subdivision (b) of Section 47605 in a way that is  
29 consistent with the intent of the Charter Schools Act of 1992. Upon  
30 satisfactory completion of the criteria, the State Board of  
31 Education shall adopt the criteria on or before June 30, 2001.

32 (3) A charter school for which a charter is granted by either the  
33 county board of education or the State Board of Education based  
34 on an appeal pursuant to this subdivision shall qualify fully as a  
35 charter school for all funding and other purposes of this part.

36 (4) If either the county board of education or the State Board  
37 of Education fails to act on a petition within 120 days of receipt,  
38 the decision of the governing board of the school district, to deny  
39 a petition shall, thereafter, be subject to judicial review.

~~(5) The State Board of Education shall adopt regulations implementing this subdivision.~~

~~(6) Upon the approval of the petition by the county board of education, the petitioner or petitioners shall provide written notice of that approval, including a copy of the petition to the State Department of Education and the State Board of Education.~~

~~(k) (1) The State Board of Education may, by mutual agreement, designate its supervisory and oversight responsibilities for a charter school approved by the State Board of Education to a local education agency in the county in which the charter school is located or to the governing board of the school district that first denied the petition.~~

~~(2) The designated local education agency shall have all monitoring and supervising authority of a chartering agency, including, but not limited to, powers and duties set forth in Section 47607, except the power of revocation, which shall remain with the State Board of Education.~~

~~(3) A charter school that has been granted its charter through an appeal to the State Board of Education and elects to seek renewal of its charter shall, prior to expiration of the charter, submit its petition for renewal to the governing board of the school district that initially denied the charter. If the governing board of the school district denies the school's petition for renewal, the school may petition the State Board of Education for renewal of its charter.~~

~~(l) Teachers in charter schools shall be required to hold a Commission on Teacher Credentialing certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold. These documents shall be maintained on file at the charter school and shall be subject to periodic inspection by the chartering authority. It is the intent of the Legislature that charter schools be given flexibility with regard to noncore, noncollege preparatory courses.~~

~~(m) (1) Upon approval of a charter petition, the chartering authority and the charter school shall cooperatively develop a list of activities to be regularly reviewed by the charter school and reported on, in the form of an annual performance report. The list of activities shall be reflective of the instructional program described in the charter.~~

1 ~~(2) The chartering authority shall ensure that each charter~~  
2 ~~school under its authority is held accountable for the ongoing~~  
3 ~~implementation of its charter.~~

4 ~~(3) The chartering authority shall contract with an external~~  
5 ~~auditor to conduct an annual audit of the charter school's average~~  
6 ~~daily attendance.~~

7 ~~(4) A charter school shall transmit a copy of its annual,~~  
8 ~~independent, financial audit report for the preceding fiscal year, as~~  
9 ~~described in subparagraph (I) of paragraph (5) of subdivision (b),~~  
10 ~~to its chartering entity, the Controller, the county superintendent~~  
11 ~~of schools of the county in which the charter school is sited, unless~~  
12 ~~the county board of education of the county in which the charter~~  
13 ~~school is sited is the chartering entity, and the State Department of~~  
14 ~~Education by December 15 of each year. This subdivision does not~~  
15 ~~apply if the audit of the charter school is encompassed in the audit~~  
16 ~~of the chartering entity pursuant to Section 41020.~~

17 ~~(5) Each charter school shall annually prepare and submit the~~  
18 ~~following reports to its chartering authority and the county board~~  
19 ~~of education, unless the county board of education is the chartering~~  
20 ~~authority:~~

21 ~~(A) On or before July 1, a preliminary budget. For a charter~~  
22 ~~school in its first year of operation, the information submitted~~  
23 ~~pursuant to subdivision (g) of Section 47605 satisfies this~~  
24 ~~requirement.~~

25 ~~(B) On or before December 15, an interim report. This report~~  
26 ~~shall reflect changes through October 31.~~

27 ~~(C) On or before March 15, a second interim report. This report~~  
28 ~~shall reflect changes through January 31.~~

29 ~~(D) On or before September 15, a final report for the full prior~~  
30 ~~year.~~

31 ~~(6) The chartering authority shall review the fiscal reports~~  
32 ~~provided pursuant to paragraph (6) within 30 days of receipt and~~  
33 ~~notify a charter school if the following concerns exist:~~

34 ~~(A) The income and expenditure assumptions are~~  
35 ~~unreasonable.~~

36 ~~(B) Inadequate reserves have been set aside or the budget~~  
37 ~~reflects a negative balance.~~

38 ~~(7) (A) A charter school that is approved on or after July 2005~~  
39 ~~shall have its average daily attendance recording procedure~~  
40 ~~reviewed by a certified public accountant qualified to conduct~~

1 audits of local educational agencies pursuant to paragraph (3) of  
2 subdivision (f) of Section 41020. Within 30 days of commencing  
3 to record average daily attendance, the charter school shall obtain  
4 an audit from the certified public accountant and submit that audit  
5 to its chartering authority within 30 days of its receipt.

6 (B) If the audit determines that the average daily attendance  
7 recording system complies with charter school average daily  
8 attendance requirements, the charter school is not responsible for  
9 any average daily attendance audit exceptions so long as it adheres  
10 to the system as approved by the certified public accountant.

11 ~~SEC. 8.~~

12 (d) Establish policies and procedures for monitoring the fiscal  
13 condition of each charter school under its authority. The policies  
14 and procedures shall include, but not be limited to, all of the  
15 following:

16 (1) The manner in which the chartering authority will review  
17 the financial data of each charter school.

18 (2) The development of financial indications to identify a  
19 charter school with fiscal problems.

20 (3) The steps the chartering authority will take to initiate  
21 problem resolution.

22 SEC. 6. Section 47604.33 is added to the Education Code, to  
23 read:

24 47604.33. Each charter school shall annually prepare and  
25 submit the following reports to its chartering authority and the  
26 county board of education, unless the county board of education  
27 is the chartering authority:

28 (a) On or before July 1, a preliminary budget. For a charter  
29 school in its first year of operation, the information submitted  
30 pursuant to subdivision (g) of Section 47605 satisfies this  
31 requirement.

32 (b) On or before December 15, an interim financial report. This  
33 report shall reflect changes through October 31.

34 (c) On or before March 15, a second interim financial report.  
35 This report shall reflect changes through January 31.

36 (d) On or before September 15, a final unaudited report for the  
37 full prior year.

38 SEC. 7. Section 47607 of the Education Code is amended to  
39 read:

47607. (a) (1) A charter may be granted pursuant to Sections 47605, 47605.5, and 47606 for a period not to exceed five years. A charter granted by a school district governing board, a county board of education or the State Board of Education, may be granted one or more subsequent renewals by that entity. Each renewal shall be for a period of five years. A material revision of the provisions of a charter petition may be made only with the approval of the authority that granted the charter. The authority that granted the charter may inspect or observe any part of the charter school at any time.

(2) Renewals and material revisions of charters shall be governed by the standards and criteria in Section 47605.

(b) Commencing on January 1, 2005, or after a charter school has been in operation for four years, whichever is later, a charter school shall meet at least one of the following criteria prior to receiving a charter renewal pursuant to paragraph (1) of subdivision (a):

(1) Attained its Academic Performance Index (API) growth target in the prior year or in two of the last three years, or in the aggregate for the prior three years.

(2) Ranked in deciles 4 to 10, inclusive, on the API in the prior year or in two of the last three years.

(3) Ranked in deciles 4 to 10, inclusive, on the API for a demographically comparable school in the prior year or in two of the last three years.

(4) *The entity that granted the charter determines, based on information submitted to it by the charter school, that the academic performance of the charter school is at least comparable to the academic performance of the public schools that the charter school pupils would otherwise have been required to attend, as well as the academic performance of the schools in the school district in which the charter school is located, taking into account the composition of the pupil population that is served at the charter school. The determination may be based upon pupil achievement data from assessments, including, but not limited to, the Standardized Testing and Reporting Program established by Article 4 (commencing with Section 60640) for demographically similar pupil populations in the comparison schools.*

~~(4)~~

1 (5) Qualifies for an alternative accountability system pursuant  
2 to subdivision (h) of Section 52052.

3 ~~(5)~~

4 (6) The State Board of Education determines that the pupils of  
5 the charter school are learning more of the statewide performance  
6 standards adopted pursuant to Section 60605 than the pupils would  
7 have learned had they attended a local noncharter public school.  
8 In making this determination, the board shall consider  
9 recommendations from the advisory committee appointed  
10 pursuant to paragraph (1) of subdivision (b) of Section 47634.2.  
11 The determination shall be based upon, but not limited to, the  
12 following factors:

13 (A) Pupil achievement data from assessments, including, but  
14 not limited to, the Standardized Testing and Reporting Program  
15 established by Article 4 (commencing with Section 60640).

16 (B) The academic performance of the public schools that the  
17 charter school pupils would otherwise have been required to  
18 attend, as well as the academic performance of the schools in the  
19 district in which the charter school is located, taking into account  
20 the composition of the pupil population that is served at the charter  
21 school.

22 (C) Any ongoing improvement that indicates that the charter  
23 school will meet or exceed the requirements set forth in this  
24 subdivision if the charter is renewed.

25 (D) Whether or not the charter school has been accredited  
26 through a recognized accreditation process, including, but not  
27 limited to, accreditation through the Western Association of  
28 Schools and Colleges (WASC), and the status of that accreditation.

29 (c) A charter may be revoked by the authority that granted the  
30 charter under this chapter if the authority finds that the charter  
31 school did any of the following:

32 (1) Committed a material violation of any of the conditions,  
33 standards, or procedures set forth in the charter.

34 (2) Failed to meet or pursue any of the pupil outcomes  
35 identified in the charter.

36 (3) Failed to meet generally accepted accounting principles, or  
37 engaged in fiscal mismanagement.

38 (4) Violated any provision of law.

39 (d) Prior to revocation, the authority that granted the charter  
40 shall notify the charter public school of any violation of this

section and give the school a reasonable opportunity to cure the violation, unless the authority determines, in writing, that the violation constitutes a severe and imminent threat to the health or safety of the pupils.

~~SEC. 9.~~

*SEC. 8. Section 47612 of the Education Code, as amended by Section 1 of Chapter 36 of the Statutes of 2002, is amended to read:*

47612. (a) A charter school shall be deemed to be under the exclusive control of the officers of the public schools for purposes of Section 8 of Article IX of the California Constitution, with regard to the appropriation of public moneys to be apportioned to any charter school, including, but not limited to, appropriations made for the purposes of this chapter.

(b) The average daily attendance in a charter school may not, in any event, be generated by a pupil who is not a California resident. To remain eligible for generating charter school apportionments, a pupil over 19 years of age shall be continuously enrolled in public school and make satisfactory progress towards award of a high school diploma. The State Board of Education shall, on or before January 1, 2000, adopt regulations defining “satisfactory progress.”

(c) A charter school shall be deemed to be a “school district” for purposes of Article 1 (commencing with Section 14000) of Chapter 1 of Part 9, Section 41301, Section 41302.5, Article 10 (commencing with Section 41850) of Chapter 5 of Part 24, Section 47638, and Sections 8 and 8.5 of Article XVI of the California Constitution.

~~(d) This section shall become inoperative on July 1, 2004, and, as of January 1, 2005, is repealed, unless a later enacted statute that is enacted before January 1, 2005, deletes or extends the dates on which it becomes inoperative and is repealed.~~

*SEC. 9. Section 47612, as added by Section 2 of Chapter 36 of the Statutes of 2002, is repealed.*

~~47612. (a) A charter school shall be deemed to be under the exclusive control of the officers of the public schools for purposes of Section 8 of Article IX of the California Constitution, with regard to the appropriation of public moneys to be apportioned to any charter school, including, but not limited to, appropriations made for the purposes of this chapter.~~

~~(b) The average daily attendance in a charter school may not, in any event, be generated by a pupil who is not a California resident. To remain eligible for generating charter school apportionments, a pupil over 19 years of age shall be continuously enrolled in public school and make satisfactory progress towards award of a high school diploma. The State Board of Education shall, on or before January 1, 2000, adopt regulations defining “satisfactory progress.”~~

~~(c) A charter school shall be deemed to be a “school district” for purposes of Section 41302.5, Article 10 (commencing with Section 41850) of Part 24, Section 47638, and Sections 8 and 8.5 of Article XVI of the California Constitution.~~

~~(d) This section shall become operative on July 1, 2004.~~

~~SEC. 10.~~ Section 47612.6 is added to the Education Code, to read:

47612.6. (a) Notwithstanding any other provision of law, a nonclassroom charter school is exempt from the funding determination process established pursuant to subdivision (d) Section 47612.5 if it meets both of the following criteria:

(1) Achieved a rank of 6 or higher for the last two years on the Academic Performance Index, and does not fall below a rank of 6 during any two consecutive years.

(2) Is accredited through the Western Association of Schools and Colleges (WASC) accreditation process.

(b) The State Board of Education shall review the finances of a nonclassroom charter school in either the current or previous fiscal year in which that charter school applies for a renewal.

~~SEC. 10.~~ Section 47613 of the Education Code is amended to read:

~~47613. (a) Except as set forth in subdivision (b), a chartering agency may charge for the actual costs of supervisory oversight of a charter school not to exceed 1 percent of the revenue of the charter school.~~

~~(b) A chartering agency may charge for the actual costs of supervisory oversight of a charter school not to exceed 3 percent of the revenue of the charter school if the charter school is able to obtain substantially rent free facilities from the chartering agency.~~

~~(c) A local agency that is given the responsibility for supervisory oversight of a charter school, pursuant to paragraph (1) of subdivision (k) of Section 47605, may charge for the actual~~

~~costs of supervisory oversight, and administrative costs necessary to secure charter school funding. A charter school that is charged for costs under this subdivision may not be charged pursuant to subdivision (a) or (b).~~

~~(d) This section does not prevent the charter school from separately purchasing administrative or other services from the chartering agency or any other source.~~

~~(e) For the purposes of this section, a chartering agency means a school district, county department of education, the State Board of Education, or the local entity designated pursuant to Section 47604.31, that granted the charter to the charter school.~~

~~(f) For the purposes of this section, “revenue of the charter school” means the general purpose entitlement and categorical block grant, as defined in subdivisions (a) and (b) of Section 47632.~~

SEC. 11. *Section 47634 of the Education Code is amended to read:*

47634. The Superintendent of Public Instruction shall annually compute a categorical block grant amount for each charter school as follows:

(a) The superintendent shall compute, as of June 30, 1999, the estimated statewide average amount of funding for other state categorical aid per unit of average daily attendance received by school districts in 1998–99, for each of four grade level ranges: kindergarten and grades 1, 2, and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12, inclusive. For purposes of this computation, other state categorical aid is limited to the following programs:

(1) The Agricultural Vocational Education Incentive Program, as set forth in Article 7.5 (commencing with Section 52460) of Chapter 9 of Part 28.

(2) Apprentice education established pursuant to Article 8 (commencing with Section 8150) of Chapter 1 of Part 6.

(3) The Beginning Teacher Support and Assessment System as set forth in Article 4.5 (commencing with Section 44279.1) of Chapter 2 of Part 25.

(4) College preparation programs as set forth in Chapter 8 (commencing with Section 60830) of Part 33, the Academic Improvement and Achievement Act as set forth in Chapter 12 (commencing with Section 11020) of Part 7, and the advanced

- 1 placement program as set forth in Chapter 8.3 (commencing with  
2 Section 52240) of Part 28.
- 3 (5) Community day schools as set forth in Article 3  
4 (commencing with Section 48660) of Chapter 4 of Part 27.
- 5 (6) ~~The Demonstration Programs in Intensive Instruction as set~~  
6 ~~forth in Chapter 4 (commencing with Section 58600) of Part 31~~  
7 *The Instructional Time and Staff Development Reform Program,*  
8 *as set forth in Article 7.5 (commencing with Section 44579) of*  
9 *Chapter 3 of Part 25.*
- 10 (7) The School-Based Pupil Motivation and Maintenance  
11 Program and Dropout Recovery Act, as set forth in Article 7  
12 (commencing with Section 54720) of Chapter 9 of Part 29.
- 13 (8) The Early Intervention for School Success Program, as set  
14 forth in Article 4.5 (commencing with Section 54685) of Chapter  
15 9 of Part 29.
- 16 (9) Education Technology pursuant to Article 15 (commencing  
17 with Section 51870.5) of Chapter 5 of Part 28.
- 18 (10) Foster youth programs pursuant to Chapter 11.3  
19 (commencing with Section 42920) of Part 24.
- 20 (11) Gifted and talented pupil programs pursuant to Chapter 8  
21 (commencing with Section 52200) of Part 28.
- 22 (12) The Healthy Start Support Services for Children Act, as  
23 set forth in Chapter 5 (commencing with Section 8800) of Part 6.
- 24 (13) High-risk first-time offenders programs pursuant to  
25 Chapter 2 (commencing with Section 47760) of Part 26.95.
- 26 (14) The General Fund contribution to the State Instructional  
27 Material Fund pursuant to Article 3 (commencing with Section  
28 60240) of Chapter 2 of Part 33.
- 29 (15) Intersegmental programs for kindergarten and grades 1 to  
30 12, inclusive, funded by Item 6110-230-0001 of Section 2.00 of  
31 the Budget Act of 1998.
- 32 (16) Proposition 98 educational programs pursuant to Item  
33 6110-231-0001 of Section 2.00 of the Budget Act of 1998.
- 34 (17) The California Mentor Teacher Program, as set forth in  
35 ~~Article 4 (commencing with Section 44490) of Chapter 3 of Part~~  
36 ~~25 Section 44253.6.~~
- 37 (18) The Miller-Unruh Basic Reading Act of 1965, as set forth  
38 in Chapter 2 (commencing with Section 54100) of Part 29.
- 39 (19) The Morgan-Hart Class Size Reduction Act of 1989, as set  
40 forth in Chapter 6.8 (commencing with Section 52080) of Part 28.

1 (20) Opportunity schools pursuant to Article 2 (commencing  
2 with Section 48630) of Chapter 4 of Part 27.

3 (21) Partnership academies pursuant to Article 5 (commencing  
4 with Section 54690) of Chapter 9 of Part 29.

5 (22) Mathematics staff development pursuant to Chapter 3.25  
6 (commencing with Section 44695) and Chapter 3.33  
7 (commencing with Section 44720) of Part 25.

8 (23) Improvement of elementary and secondary education  
9 pursuant to Chapter 6 (commencing with Section 52000) of Part  
10 28.

11 (24) The School Community Policing Partnership Act of 1998,  
12 as set forth in Article 6 (commencing with Section 32296) of  
13 Chapter 2.5 of Part 19.

14 (25) The School/Law Enforcement partnership funded by Item  
15 6110-226-0001 of Section 2.00 of the Budget Act of 1998.

16 (26) Specialized secondary schools pursuant to Chapter 6  
17 (commencing with Section 58800) of Part 31.

18 (27) School personnel staff development and resource centers  
19 pursuant to Chapter 3.1 (commencing with Section 44670) of Part  
20 25.

21 (28) Supplemental grant funding, not otherwise included in the  
22 programs described above, provided by Item 6110-230-0001 of  
23 Section 2.00 of the Budget Act of 1998.

24 (29) Academic progress and counseling review pursuant to  
25 Section 48431.6.

26 (30) The Schiff-Bustamante Standards-Based Instructional  
27 Materials Program as set forth in Chapter 3.5 (commencing with  
28 Section 60450) of Part 33.

29 (31) The Elementary School Intensive Reading Program, as set  
30 forth in Chapter 16 (commencing with Section 53025) of Part 28.

31 (32) The California Public School Library Protection Act, as  
32 set forth in Article 6 (commencing with Section 18175) of Chapter  
33 2 of Part 11.

34 (33) The California Peer Assistance and Review Program for  
35 Teachers, as set forth in Article 4.5 (commencing with Section  
36 44500) of Chapter 3 of Part 25.

37 (34) *The State Instructional Materials Fund, as set forth in*  
38 *Article 3 (commencing with Section 60240) of Chapter 2 of Part*  
39 *33.*



1 (35) *The Instructional Materials Funding Realignment*  
2 *Program, as set forth in Chapter 3.25 (commencing with Section*  
3 *60420) of Part 33.*

4 (36) *Mathematics and Reading Professional Development*  
5 *Program, as set forth in Article 3 (commencing with Section*  
6 *99230) of Chapter 5 of Part 65.*

7 Notwithstanding any other provision of law, charter schools that  
8 have received a block grant pursuant to this section ~~shall~~ are not  
9 be eligible to receive separate funding for programs enumerated  
10 in paragraphs (1) to (33), inclusive, *this subdivision* or any other  
11 state categorical aid programs established on or after July 1, 1999,  
12 that are included in the calculation made pursuant to this  
13 subdivision and for which charter schools are not required to apply  
14 separately.

15 (b) For purposes of the computation prescribed by subdivision  
16 (a), other state categorical aid may not include any of the  
17 following:

18 (1) Programs for which a charter school is required to apply  
19 separately.

20 (2) Programs that support, or are provided in lieu of, capital  
21 expenses.

22 (3) Funding for court-ordered or voluntary desegregation  
23 programs.

24 (4) Special education programs.

25 (5) Economic Impact Aid.

26 (6) Lottery funds.

27 (c) The superintendent shall annually adjust each of the  
28 resulting four amounts computed pursuant to subdivision (a) by  
29 the cumulative percentage change from the 1998–99 fiscal year,  
30 as annually calculated by the Director of Finance pursuant to  
31 Section 47634.5, in the total amount of state funding per unit of  
32 average daily attendance received by K–12 local educational  
33 agencies for purposes that apply toward meeting the requirements  
34 of Section 8 of Article XVI of the California Constitution,  
35 exclusive of funding for adult education, child development  
36 programs, special education, Economic Impact Aid, revenue  
37 limits for school districts and county offices of education, and  
38 programs for which a charter school is required to apply  
39 separately.

1 (d) The superintendent shall multiply each of the four amounts  
2 computed in subdivision (c) by the charter school's average daily  
3 attendance in the corresponding grade level ranges.

4 (e) The superintendent shall compute the statewide average  
5 amount of funding per identified educationally disadvantaged  
6 pupil received by school districts in the current year pursuant to  
7 Article 2 (commencing with Section 54020) of Chapter 1 of Part  
8 29. This amount shall be multiplied by the number of  
9 educationally disadvantaged pupils enrolled in the charter school.  
10 The resulting amount may, if greater than zero, not be less than the  
11 minimum amount of Economic Impact Aid funding to which a  
12 school district of similar size would be entitled pursuant to Section  
13 54031. For purposes of this subdivision, a pupil who is eligible for  
14 subsidized meals pursuant to Section 49552 and is identified as an  
15 English language learner pursuant to subdivision (a) of Section  
16 306 shall count as two pupils.

17 (f) The superintendent shall add the amounts computed in  
18 subdivisions (d) and (e). The resulting amount shall be the charter  
19 school's categorical block grant that the superintendent shall  
20 apportion to each charter school from funds appropriated for this  
21 purpose in the annual Budget Act or another statute.

22 (g) Notwithstanding any other provision of law, a charter  
23 school is not eligible to apply for funding under any of the  
24 programs the funding of which is included in the computation of  
25 the categorical block grant. The Superintendent of Public  
26 Instruction shall annually provide each charter school with a list  
27 of these programs and shall ensure that a charter school receives  
28 timely notification of the opportunity to apply for programs  
29 administered by the State Department of Education that are  
30 excluded from the categorical block grant.

31 (h) It is the intent of the Legislature to fully fund the categorical  
32 block grant and to appropriate additional funding that may be  
33 needed in order to compensate for unanticipated increases in  
34 average daily attendance in charter schools.

35 (i) Categorical block grant funding may be used for any  
36 purpose determined by the governing body of the charter school.

37 *SEC. 12. Section 47648 is added to the Education Code, to*  
38 *read:*

39 *47648. (a) A local educational agency shall ensure that*  
40 *pupils with disabilities enrolled in each charter school under its*

1 *authority are served in the same manner as pupils with disabilities*  
2 *are served in other schools under the authority of the local*  
3 *educational agency.*

4 *(b) A charter school shall reimburse the local educational*  
5 *agency that granted its charter for any special education expenses*  
6 *incurred by the local educational agency on behalf of the charter*  
7 *school from revenue generated by pupils with disabilities enrolled*  
8 *in the charter school.*

9 *(c) Notwithstanding this section, a charter school and the local*  
10 *educational agency that granted its charter may mutually agree to*  
11 *an alternative arrangement for services and funding on an annual*  
12 *basis.*

13 *SEC. 13. Section 56205 of the Education Code is amended to*  
14 *read:*

15 56205. (a) Each special education local plan area submitting  
16 a local plan to the superintendent under this part shall assure, in  
17 conformity with subsection (a) of Section 1412 of, and paragraph  
18 (1) of subsection (a) of Section 1413 of, Title 20 of the United  
19 States Code, that it has in effect policies, procedures, and programs  
20 that are consistent with state laws, regulations, and policies  
21 governing the following:

22 (1) Free appropriate public education.

23 (2) Full educational opportunity.

24 (3) Child find and referral.

25 (4) Individualized education programs, including  
26 development, implementation, review, and revision.

27 (5) Least restrictive environment.

28 (6) Procedural safeguards.

29 (7) Annual and triennial assessments.

30 (8) Confidentiality.

31 (9) Transition from Subchapter III (commencing with Section  
32 1431) of Title 20 of the United States Code to the preschool  
33 program.

34 (10) Children in private schools.

35 (11) Compliance assurances, including general compliance  
36 with the Individuals with Disabilities Education Act (20 U.S.C.  
37 Sec. 1400 et seq.), Section 504 of the Rehabilitation Act of 1973  
38 (29 U.S.C. Sec. 794), the Americans with Disabilities Act of 1990  
39 (42 U.S.C. Sec. 12101 et seq.), federal regulations relating thereto,  
40 and this part.

1 (12) (A) A description of the governance and administration  
2 of the plan, including identification of the governing body of a  
3 multidistrict plan or the individual responsible for administration  
4 in a single district plan, and of the elected officials to whom the  
5 governing body or individual is responsible.

6 (B) A description of the regionalized operations and services  
7 listed in Section 56836.23 and the direct instructional support  
8 provided by program specialists in accordance with Section 56368  
9 to be provided through the plan.

10 (C) Verification that a community advisory committee has  
11 been established pursuant to Section 56190.

12 (D) Multidistrict plans, submitted pursuant to subdivision (b)  
13 or (c) of Section 56195.1, shall do the following:

14 (i) Specify the responsibilities of each participating county  
15 office and district governing board in the policymaking process,  
16 the responsibilities of the superintendents of each participating  
17 district and county in the implementation of the plan, and the  
18 responsibilities of district and county administrators of special  
19 education in coordinating the administration of the local plan.

20 (ii) Identify the respective roles of the administrative unit and  
21 the administrator of the special education local plan area and the  
22 individual local education agencies within the special education  
23 local plan area in relation to the following:

24 (I) The hiring, supervision, evaluation, and discipline of the  
25 administrator of the special education local plan area and staff  
26 employed by the administrative unit in support of the local plan.

27 (II) The allocation from the state of federal and state funds to  
28 the special education local plan area administrative unit or to local  
29 education agencies within the special education local plan area.

30 (III) The operation of special education programs.

31 (IV) Monitoring the appropriate use of federal, state, and local  
32 funds allocated for special education programs.

33 (V) The preparation of program and fiscal reports required of  
34 the special education local plan area by the state.

35 (iii) Include copies of joint powers agreements or contractual  
36 agreements, as appropriate, for districts and counties that elect to  
37 enter into those agreements pursuant to subdivision (b) or (c) of  
38 Section 56195.1.

39 (E) The description of the governance and administration of  
40 the plan, and the policymaking process, shall be consistent with

subdivision (f) of Section 56001, subdivision (a) of Section 56195.3, and Section 56195.9, and shall reflect a schedule of regular consultations regarding policy and budget development with representatives of special education and regular education teachers and administrators selected by the groups they represent and parent members of the community advisory committee established pursuant to Article 7 (commencing with Section 56190) of Chapter 2.

(13) Comprehensive system of personnel development.

(14) Personnel standards, including standards for training and supervision of paraprofessionals.

(15) Performance goals and indicators.

(16) Participation in state and districtwide assessments, and reports relating to assessments.

(17) Supplementation of state, local, and other federal funds, including nonsupplantation of funds.

(18) Maintenance of financial effort.

(19) Opportunities for public participation prior to adoption of policies and procedures.

(20) Suspension and expulsion rates.

(b) Each local plan submitted to the superintendent under this part shall also contain all the following:

(1) An annual budget plan that shall be adopted at a public hearing held by the special education local plan area. Notice of this hearing shall be posted in each school in the local plan area at least 15 days prior to the hearing. The annual budget plan may be revised during any fiscal year according to the policymaking process established pursuant to subparagraph (D) and (E) of paragraph (12) of subdivision (a) and consistent with subdivision (f) of Section 56001 and Section 56195.9. The annual budget plan shall identify expected expenditures for all items required by this part which shall include, but not be limited to, the following:

(A) Funds received in accordance with Chapter 7.2 (commencing with Section 56836).

(B) Administrative costs of the plan.

(C) Special education services to pupils with severe disabilities and low incidence disabilities.

(D) Special education services to pupils with nonsevere disabilities.

1 (E) Supplemental aids and services to meet the individual  
2 needs of pupils placed in regular education classrooms and  
3 environments.

4 (F) Regionalized operations and services, and direct  
5 instructional support by program specialists in accordance with  
6 Article 6 (commencing with Section 56836.23) of Chapter 7.2.

7 (G) The use of property taxes allocated to the special education  
8 local plan area pursuant to Section 2572.

9 (2) An annual service plan shall be adopted at a public hearing  
10 held by the special education local plan area. Notice of this hearing  
11 shall be posted in each school district in the special education local  
12 plan area at least 15 days prior to the hearing. The annual service  
13 plan may be revised during any fiscal year according to the  
14 policymaking process established pursuant to subparagraphs (D)  
15 and (E) of paragraph (12) of subdivision (a) and consistent with  
16 subdivision (f) of Section 56001 and with Section 56195.9. The  
17 annual service plan shall include a description of services to be  
18 provided by each district and county office, including the nature  
19 of the services and the physical location at which the services will  
20 be provided, including alternative schools, charter schools,  
21 opportunity schools and classes, community day schools operated  
22 by school districts, community schools operated by county offices  
23 of education, and juvenile court schools, regardless of whether the  
24 district or county office of education is participating in the local  
25 plan. This description shall demonstrate that all individuals with  
26 exceptional needs shall have access to services and instruction  
27 appropriate to meet their needs as specified in their individualized  
28 education programs. *To ensure that special education services are*  
29 *provided to all pupils, particularly those with severe disabilities*  
30 *and low-incidence disabilities, the plan shall include an*  
31 *agreement to provide for joint liability and responsibility among*  
32 *school entities.*

33 (3) A description of programs for early childhood special  
34 education from birth through five years of age.

35 (4) A description of the method by which members of the  
36 public, including parents or guardians of individuals with  
37 exceptional needs who are receiving services under the plan, may  
38 address questions or concerns to the governing body or individual  
39 identified in subparagraph (A) of paragraph (12) of subdivision  
40 (a).

1 (5) A description of a dispute resolution process, including  
2 mediation and final and binding arbitration to resolve disputes  
3 over the distribution of funding, the responsibility for service  
4 provision, *the allocation of resources*, and the other governance  
5 activities specified within the plan.

6 (6) Verification that the plan has been reviewed by the  
7 community advisory committee and that the committee had at least  
8 30 days to conduct this review prior to submission of the plan to  
9 the superintendent.

10 (7) A description of the process being utilized to meet the  
11 requirements of Section 56303.

12 (c) A description of the process being utilized to oversee and  
13 evaluate placements in nonpublic, nonsectarian schools and the  
14 method of ensuring that all requirements of each pupil's  
15 individualized education program are being met. The description  
16 shall include a method for evaluating whether the pupil is making  
17 appropriate educational progress.

18 (d) The local plan, budget plan, and annual service plan shall  
19 be written in language that is understandable to the general public.

20 *SEC. 14. Section 56207.5 of the Education Code is amended*  
21 *to read:*

22 56207.5. A request by a charter school to participate as a local  
23 educational agency in a special education local plan area may not  
24 be treated differently from a similar request made by a school  
25 district. ~~In reviewing and approving~~ *Upon approval of* a request by  
26 a charter school to participate as a local educational agency in a  
27 special education local plan area, the following requirements shall  
28 apply:

29 (a) The special education local plan area shall comply with  
30 Section 56140.

31 (b) The charter school shall participate in state and federal  
32 funding for special education and the allocation plan developed  
33 pursuant to subdivision (i) of Section 56195.7 or Section 56836.05  
34 in the same manner as other local educational agencies of the  
35 special education local plan area.

36 (c) The charter school shall participate in governance of the  
37 special education local plan area in the same manner as other local  
38 educational agencies of the special education local plan area.

39 (d) *The charter school shall be subject to the liability and*  
40 *responsibility to the same extent of, and receive the same resources,*

1 *funds, and governing responsibilities that would be provided to*  
2 *other local educational agencies of the special education local*  
3 *plan area.*

4 *(e) The charter school shall have access to the dispute*  
5 *resolution process described in the approved local plan required*  
6 *by paragraph (5) of subdivision (b) of Section 56205, including*  
7 *mediation and final and binding arbitration to resolve disputes*  
8 *over the distribution of funding, the responsibility for service*  
9 *provision, the allocation of resources, and other governing*  
10 *responsibilities specified in the plan.*

11 SEC. 15. Section 60242 of the Education Code is amended to  
12 read:

13 60242. (a) The state board shall encumber the fund for the  
14 purpose of establishing an allowance for each school district,  
15 which may reflect increases or decreases in enrollment, that the  
16 district may use for the following purposes:

17 (1) To purchase instructional materials adopted by the state  
18 board pursuant to Section 60200 for kindergarten and grades 1 to  
19 8, inclusive, or by the governing board pursuant to Section 60400  
20 for grades 9 to 12, inclusive.

21 (2) To purchase, at the district's discretion, instructional  
22 materials, including, but not limited to, supplementary  
23 instructional materials and technology-based materials, from any  
24 source.

25 (3) To purchase tests.

26 (4) To bind basic textbooks that are otherwise usable and are on  
27 the most recent list of basic instructional materials adopted by the  
28 state board and made available pursuant to Section 60200.

29 (5) To fund in-service training related to instructional  
30 materials.

31 (6) To purchase classroom library materials for kindergarten  
32 and grades 1 to 4, inclusive.

33 (b) The state board shall specify the percentage of a district's  
34 allowance that is authorized to be used for each of the purposes  
35 identified in subdivision (a).

36 (c) Allowances established for school districts pursuant to this  
37 section shall be apportioned in September of each fiscal year.

38 (d) (1) A school district that purchases classroom library  
39 materials, shall, as a condition of receiving funding pursuant to this  
40 article, develop a districtwide classroom library plan for

1 kindergarten and grades 1 to 4, inclusive, and shall receive  
2 certification of the plan from the governing board of the school  
3 district. A school district shall include in the plan a means of  
4 preventing loss, damage, or destruction of the materials.

5 (2) In developing the plan required by paragraph (1), a school  
6 district is encouraged to consult with school library media teachers  
7 and primary grade teachers and to consider selections included in  
8 the list of recommended books established pursuant to Section  
9 19336. If a school library media teacher is not employed by the  
10 school district, the district is encouraged to consult with a school  
11 library media teacher employed by the local county office of  
12 education in developing the plan.

13 (3) To the extent that a school district or county office of  
14 education already has a plan meeting the criteria specified in  
15 paragraphs (1) and (2), no new plan is required to establish  
16 eligibility.

17 ~~SEC. 12.~~

18 *SEC. 16.* Section 60421 of the Education Code is amended to  
19 read:

20 60421. (a) The ~~State Department of Education~~ *department*  
21 shall apportion funds appropriated for purposes of this chapter to  
22 school districts on the basis of an equal amount per pupil enrolled  
23 in kindergarten and grades 1 to 12, inclusive, in the prior year,  
24 excluding summer school, adult, and regional occupational center  
25 and regional occupational programs enrollment. Enrollment shall  
26 be certified by the Superintendent of Public Instruction and based  
27 on data as reported by the California Basic Education Data System  
28 count. A school district in its first year of operation or of expanding  
29 grade levels at a schoolsite shall be eligible to receive funding  
30 pursuant to this chapter based on enrollment estimates provided to  
31 the ~~State Department of Education~~ *department* by the school  
32 district. As a condition of receipt of funding, a school district or  
33 charter school in its first year of operation or of expanding grade  
34 levels at a schoolsite shall provide enrollment estimates, as  
35 approved by the school district governing board and the county  
36 office of education in which the school district is located. These  
37 estimates and associated funding shall be adjusted for actual  
38 enrollment as reported by the subsequent California Basic  
39 Education Data System.

(b) For the purposes of this chapter, the term “school district” means a school district or county office of education, and the term “local governing board” means the governing board of a school district or county board of education.

(c) Allowances established pursuant to this chapter shall be apportioned to school districts in September of each fiscal year.

(d) Notwithstanding any other provision of law, pursuant to subdivision (g) of Section 60200, the State Board of Education may authorize a school district to use any state basic instructional materials allowance to purchase standards-aligned materials as specified within this part.

*SEC. 17. It is the intent of the Legislature that education programs with voluntary participation be funded at statutorily authorized levels. Notwithstanding any other provision of law, the Controller, upon approval of the Director of Finance, shall transfer unobligated funds between any of the following voluntary participation programs to the extent needed to fully fund eligible participation. First priority for reallocation of funds shall be given to the CalSAFE program as funded in Item 6110-198-0001 of Section 2.00 of the Budget of 2003 and the Charter School Categorical Block Grant as funded in Item 6110-211-0001 of Section 2.00 of the Budget Act of 2003. The Department of Finance shall notify the Joint Legislative Budget Committee of any transfers made under this section. The items between which the Controller may transfer funds pursuant to this section are the following: Items 6110-104-0001, 6110-112-0001, 6110-121-0001, 6110-125-0001, 6110-158-0001, 6110-184-0001, 6110-191-0001, 6110-193-0001, 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-205-0001, 6110-211-0001, 6110-232-0001, and 6110-234-0001 of Section 2.00 of the Budget Act of 2003 and, for the purposes of funding the Charter School Categorical Block, any program that is a constituent of that grant.*

*SEC. 18. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars*

- 1 *(\$1,000,000), reimbursement shall be made from the State*
- 2 *Mandates Claims Fund.*

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